



Light the way



RAINS

Drip, drip, drip.

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# I. Introduction

## PREAMBLE

With this report we are shedding a light on Rains' responsible business activities, data and objectives. The report is addressed to Rains' stakeholders with an emphasis on: Customers, Consumers, Employees, Partners, Suppliers and coming Business Relations for them to easily understand and track our efforts, as well our corresponding progress.

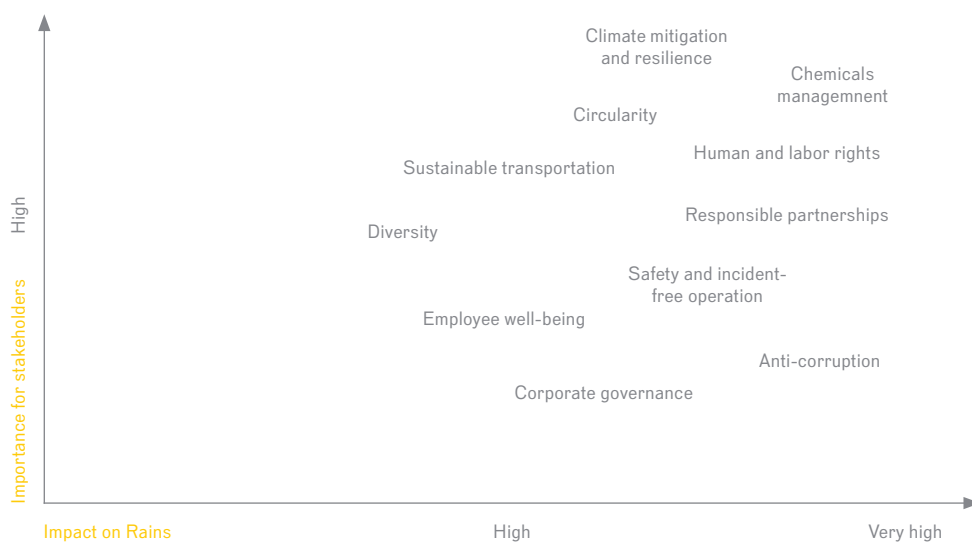
Our reporting structure and approach to corporate social responsibility is derived from UN Global Compact (UNGC) and the universally accepted Ten Principles set in the areas of: Human- and Labor Rights, Environment and Anti-Corruption. The objectives stated in the report act as the sustainability strategy of Rains and is built upon the triple bottom line framework; Planet, People and Profit covering all UNGC's aforementioned areas.

Besides meeting fundamental responsibilities and complying with corporate governance, this report also shows our support towards the 17 UN Sustainable Development Goals (SDGs) and how we perceptibly are putting the SDGs to work.

## MATERIALITY

In the spirit of transparency and responsiveness towards our stakeholders, we have formed the reports content based on what our stakeholders determines to be our most material issues. While all topics are important, our stakeholder-involvement strategy enable us to prioritize what issues are most material to our operations.

Those issues which has a high importance for stakeholders and a high impact on Rains has been communicated in this report. The listed issues should not be viewed in isolation; they are most often interconnected and sometimes improvements in one can lead to changes in another.



The materiality assessment was conducted based on stakeholder engagement and social listening. Our stakeholders are among others: Customers, Employees, Partners, Media, NGO's and Industry Associations.

## FOREWORD BY THE CEO

Ever since our founding, Rains has been in business to rethink how people can protect themselves in rainy environments. Now, it is time to rethink how to protect the environment. Rains aims to further grow its business with sustainability at the forefront of its evolution, and in our achievement, we believe in an honest, holistic approach as a prerequisite for responsible growth and sustainable development.

Our report, *Light the Way*, and the objectives stated herein is our contribution to an increasingly sustainability-conscious world, as well our promise to be good stewards of our planet and the people living in it. Moving forward, circularity and resource efficiency will be ever in our focus.

We are dedicated to work strategically and creatively around our waste streams, and in line with our innovative and modern business, we will look into innovative solutions in the intersection of sustainability and technology. Supplementary to environmental sustainability, we consider social sustainability as pivotal to our existence and we value to maintain our social license to operate based on respecting and contributing to human- and labor rights.

Our sustainable commitment is embedded in the organization with allocated resources to the task of reporting, as well fulfilling the objectives and realizing the ambitions incrementally. While reporting does not directly drive performance, the obligation and effort put into reporting on sustainable development facilitates and triggers action as the power of being an auto communicative tool. By continually assessing, monitoring and reporting our responsible activities, we create a strong link to our strategy that is well-sustained by three key and internally known Rains parameters: structure, focus and strong execution. On behalf of the Rains organization, we are committed to own and drive our part of the process in facing the core global challenges of today – and we are confident our strategy will light the way.

We are looking forward to sharing our efforts with you.

A handwritten signature in black ink that reads "Jan Stig Andersen". The signature is written in a cursive, flowing style.

Jan Stig Andersen, CEO - Rains

## BUSINESS MODEL

Rains has set out to rethink quality rainwear since 2012, when the company was founded. Today, Rains is a leading contemporary lifestyle brand creating waterproof designs for the global citizen. The business model is based on vertical forward integration with strong up-stream partnerships.

### Design

With a modern Danish heritage, a Scandinavian undertone of simplicity remains constant in the Rains aesthetic, yet each product is carefully considered for the global customer. The design studio is based in Aarhus, Denmark where seasonal collections and new iconic products are conceived.

### Product

Rains has a core commercial focus on waterproof wear with complementary lifestyle categories, including waterproof bags and accessories, as well as coming line extensions complementing the modern outdoor lifestyle. Apparel account for 60% of the product split and bags and accessories counts for 40%.

### Manufacturers

Rains run manufacturing operations in China in close collaboration with partners whom the brand has long-standing relationships. We consciously work with few suppliers in order to build valuable partnerships that contributes to good quality, dialogue, sharing of knowledge and responsible, sustainable development.

### Production

The production is handled by more than 300 skilled workers with a strict and frequent quality control programme ensuring high quality and safe products. The customized Rains Edit orders are produced in Aarhus, Denmark, where an innovative artisan studio is built for both production and for showcasing the brands innovation.

### Marketing and brand

Brand and marketing activities are based in-house with the support of external PR-partners. Rains' approach is based on an integrated marketing communication across both new and traditional channels ensuring customer engagement across all touch-points.

### Retailers

Rains' products are sold through concept stores located in the world's key metropolises among other: Copenhagen, Paris, New York, Shanghai, Moscow and London. The concept stores feature design elements that represent the brands aesthetics and distinctive Scandinavian heritage. The retail-led business is supported by wholesalers worldwide and rains.com.

### Digital

Rains.com trades in five currencies, nine languages and offers integrated omni-channel services bridging offline with online. Digital is a core part of the business and is managed in-house. The online revenue channel serves worldwide from three strategically located distribution centers reducing both delivery time, as well as environmental costs.

### Consumers

The products are reasonably priced and worn by global citizens across all continents buying into the modern outdoor lifestyle of Rains.

## OUR APPROACH

We understand our corporate social responsibility as a broader, interrelated whole by integrating both social, environmental and economic principal concerns into our business operations. Further, we understand our responsibility as complying with legal requirements, ethical principles, as well as contributing to sustainable development on all three parameters of the triple bottom line framework:

### People

Social sustainability

### Planet

Environmental sustainability

### Profit

Economic sustainability

With the three-faceted framework, it is our aim to become a sustainable business that has a minimal negative impact on the global and local environment, community and society. By practicing the power of three – people, planet, and profit – we make sure that we balance the dimensions of doing business in a both financially, environmentally and socially responsible way. Moreover, we maintain a structural focus and pave the way for comparison – from year to year, as well business to business.

The adopted framework is made operational by UN Guiding Principles on Business and Human Rights (the UNGPs) and the OECD Guidelines for Multinational Enterprises (the OECD) including core labor rights from the ILO declaration on Fundamental Principles and Rights to Work, the Rio Declaration on Environment and Development, and the UN Convention against Corruption, as well as UN Principles for Responsible Investment (PRI).

## TIMELINE



## II. People

Rains recognizes that we have a direct and indirect impact on the people, community and society wherein we operate. Therefore, we raise the importance of social sustainability and development. Our social license to operate depends greatly on our social sustainability efforts of which human- and labor rights is the cornerstone.

### HUMAN- AND LABOR RIGHTS

Rains reaffirms the importance of the Universal Declaration of Human Rights, including labor rights, as well as other international instruments relating to human rights and international law. We thereby recognize our responsibility to respect and safeguard human rights wherever we operate. Through regular repeated impact assessments, we explore the human rights articles extracted from the two main United Nations (UN) binding conventions: The International Covenant on Economic, Social and Cultural Rights (ICESCR) and the International Covenant on Civil and Political Rights (ICCPR). Because no impacts can be ruled out ex ante, all 48 human rights articles are considered in our self-assessments to ensure we respect and comply with all articles. The impact assessments are carried out by Rains in close collaboration with our manufacturing partners.

### SUPPLIERS

We work with few, close manufacturing suppliers in order to build valuable partnerships that contributes to good quality, dialogue, sharing of knowledge and responsible development. Rains takes pride in the long-standing relationships we have built, and we are proud to partner with professional, ethical factories that produce high-quality products in safe working conditions. The factories are aligned with Rains' employee standards, including but not exclusive to secure health insurance, proper working schedules, proper wages, and clean working environments.

#### Audits, education and training

While we value a dialogue-based supplier relationship, we find ethical audits to be a useful tool in gaining insight in our production, which help us to fully understand how our manufacturing suppliers work and identify potential areas of risk. Our audits are conducted by specialist third-party auditors carefully selected by amfori BSCI. Going beyond monitoring, we engage in training and education programmes to support our suppliers' efforts in meeting Rains' expectations set out in our Code of Conduct.

#### Code of Conduct

To ensure coherence in our corporate behavior, our manufacturing partners have committed to effectuate our requirements stated in our supplier Code of Conduct. As a member of amfori BSCI, we have adhered to the BSCI Code since our first operations. Moving forward, Rains has committed to implement UN's universal and international agreed upon minimum standard for responsible business behavior. We do this in order to promote cooperation, dialogue and a strong risk culture throughout the supply chain. The core of the minimum standard is based on respecting human rights, protecting the environment and countering corruption in a systematically maintained risk management system within a protect, respect and remedy framework. The minimum standard builds upon UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises.



HQ

With the headquarter based in Aarhus, Denmark, as well as offices and showrooms placed in both the Western and Eastern part of the world, we try to nurture our corporate values and social sustainable focus in both close and remote teams.

#### Health and well-being

We value the health and well-being of our employees and we take the responsibility to ensure a safe and healthy environment. To empower a modern, sustainable workplace we enable our employees to maintain a healthy lifestyle by providing training facilities and a focus on a healthy, balanced diet, as well as we facilitate activities to promote physical health. In our continual effort, we will take a proactive approach to health and well-being by working systematically with our employer satisfaction. We have appointed an internal auditor team consisting of employees who are deeply committed to work with our physical environment and psychological well-being. The team will conduct internal audits that are carried out on a regular basis assessing on fundamental human- and labor rights.

#### Equal opportunities

Rains is committed to equal opportunities in all areas of our business and to providing an inclusive working environment. We believe diversity is a cornerstone to Rains' existing and further success, with no tolerance of any discrimination or harassment in or outside of the workplace. Regardless of position, we ensure that all individuals working in relationship to the company are treated with dignity and in an ethical manner.

#### Safety in individuality

Rains respects the rights and interests of employees to establish or join organizations of their own volition. We believe in constructive relationships with colleagues and with any employee association or trade union that represents them. In extension, we have appointed a union steward to represent the interests of the employees.

## OBJECTIVES

Moving forward, we will work on strengthening our manufacturing partnerships by focusing on a shared responsibility for sustainability throughout the full value chain. Other than that, we will introduce social sustainability initiatives to contribute to human rights in programmes that are pro increased life quality.

SDG	UNGC Principle	Year	Activity	Objective
Decent work and economic growth	1-10	2019	Update and improvement of our Code of Conduct.	Update of Code of Conduct and send to all suppliers for signature and present all details to ensure common understanding of the content.
Decent work and economic growth.	1-6	2019	Conduct human rights impact assessment on any actual or potential adverse impact and spur our suppliers to do the same.	Mapping own operations and those of our extended supply chain in terms of their potential impact on human- and labor rights.
Good health and well-being.	1	2019	Focus on employee wellbeing and development through annual questionnaire.	Complete an employee satisfaction survey and obtain a satisfaction level above an 80% score.
Gender equality.	6	2019	Ensure diversity in our workforce while growing.	Obtain at least 25% women in the management level. The gender distribution in management is predominantly male.

### III. Planet

Rains realizes that we as a global operating brand have an impact on the environment through our core business activity; producing, distributing and selling waterproof goods. Therefore, we are seeking to find sustainable solutions wherever possible and viable. Apart from complying with legal obligations in corporate governance, our company will proactively contribute to mitigate our impact on the environment based on ambitious, yet attainable objectives.

#### PRODUCT

Our starting point to product sustainability is found in safety and durability, by focusing on products that are safe and, in the long run, have less impact on the environment. A long useful lifetime is essential to minimize the annual footprint and small changes in the materials can have a significant influence on the products. Moving forward, we believe durability combined with circularity is the best approach to product sustainability and therefore, it is our goal to reduce our use of virgin materials that goes into our product development processes.

#### DEVELOPMENT

Rains develops and manufactures modern and comfortable rainwear. Signature to this promise, is a lightweight yet strong polyester fabric backed with a flexible PU coating. The fabric is bonded together through ultrasonic welding, ensuring quality, waterproof products. Additionally, all fittings, zippers and trimmings are designed and produced in materials optimized for wet conditions.

Below is an overview of the short list of materials that goes into our production, their functional and environmental benefits and where we both can and will look into more environmental-friendly technologies.

#### PU

The performative, fluorinate-free polyurethane coating ensures water repellency and a long lifetime as the rubber material has a high durability, and with its build-in insulative quality it has windproof abilities. Rains has specifically chosen the PU-coating as it is significantly more environmental-friendly than its hormone disrupting alternatives: PVC and PFC-DWR.

#### Polyester

A light woven polyester fiber is used as the backside of the water-repellent PU-coating. Together, the polyester and the PU represents a strong construction that both keeps the fit and keeps you dry. The environmental benefit of polyester is that the synthetic material is completely recyclable, and by 2021, our goal is to minimize our use of virgin polyester. To do this, we introduce a recycled polyester microfiber made of plastic bottles from a closed loop system.

#### Nylon

Nylon is a strong synthetic material and acts as the lining in our high-performance outerwear line, Thermal. Due to the fabrics yarn size and special weave, the nylon lining becomes lightweight and particularly more breathable. Like polyester, nylon is a recyclable fiber and by 2021, our goal is to line all our Thermal outerwear with regenerated nylon made of recycled sources, turning waste into a valuable resource.

### 3M™ Featherless Insulation

In line with our animal friendly product pledge, an innovative and high-tech featherless material is replacing natural down in our Thermal puffer jackets. The featherless and loose-fill insulation designed by scientists' mimics down when dry and is warmer than down when wet. With our ban of natural down and feather, we are promoting animal welfare and a cruelty-free industry.

### Metals

All metals used on Rains hardware are made of stainless steel. Stainless-steel is ultimately the most environmental-friendly metal as it is corrosion-resistant, highly durable, have high-recycled content and recapture rates, as well as the metal has the benefit of being nickel-free.

### PRODUCT SAFETY

Ensuring safety of all products for both consumers and the environment is of a vital importance for Rains. Our pledge is based on strict European legal requirements, as well as voluntary initiatives and is acted in accordance with in all our operating countries.

### PFC and PVC-free

As an obvious course, none of our products contain hormone disrupting or other hazardous chemicals such as perfluorinated compounds (PFCs) or phthalates (PVC) that are listed as chemicals to avoid. PFC-coatings also called Durable Water Repellent (DWR) are made to bead up and disperse moisture from rainwear but are considered highly harmful for the environment. As an alternative, Rains' water repellency comes from an innovative and specially developed PU-fabric that is water repellent in itself and therefore does not need to be coated with chemistry.

### Quality control

All components of Rains products stand confidently under the standards of REACH; the European legislation regulating registrations, evaluations, authorizations and restrictions of chemicals. Together, with international testing centers, we are demonstrating our compliance, based on a rigorous environmental audit protocol that includes chemicals management.

### Chemicals management

When we test, we are testing for mg/kg levels of:

Phthalates Content, Dimethylformamide (DMFa), pH Value, Carcinogenic Dyes, Allergenic Disperse Dyes, Organotin Compounds, Pesticides, Phenol, PFOS (2006/122/EC), PFFOS & PFOA, PVD Identification, Beilstein (FTR), Material Identification, Azo Dyes, Formaldehyde, Polycyclic Aromatic Hydrocarbons (PAHs), Flame Retardants, Chlorinated Organic Carriers (COC), Alkylphenols, Alkylphenol ethoxylates, Heavy metals extractable, Nickel release, Lead and Cadmium, Perfluorinated and polyfluorinated compounds (PFC's), Perfluorinated tensides (PFOS / PFOA), Tinorganic compounds.

Current safety data sheet for used substances is available upon request.

## DISTRIBUTION

### Transportation and logistics

Between the product's point of origin and all the way to the customers mailbox, logistics represents a key element. Therefore, we aim to manage distribution from the manufacturer to the customer in the most environmental and efficient way – often combined. Thinking smart, yet sustainable means savings in routing costs related to both time and environmental factors.

With more than one distribution center strategically placed to serve our operating continents, we can avoid air freight directly to customers on standard deliveries. This means significant savings in Co2 emissions. From the manufacturer's site, we make sure to always have full loads of containers, trucks and vans, as well as we pre-pack our orders to be shipped directly instead of going through one of our distribution centers.

Going forward, we will remain having a focus on reducing our Co2 emissions with the help of organized capacity planning and by keeping the percentage of air freight to a minimum.

Current average transport split:

Sea: 84,5%

Rail: 9,4%

Air: 6,1%

## RETAIL

With an overall holistic approach to environmental sustainability, we strive to make responsible choices in every part of our business, including the way we design and operate our stores.

### FSC® packaging and interior

In respect of the nature, all retail packaging and wooden interior is certified by the Forest Stewardship Council. This means Rains' cardboard boxes and birch veneer furniture comes from certified, sustainably managed forests. In an FSC® forest, no more trees are felled than the forest can manage to reproduce, and animals and plants are protected.

In the same sustainable manner, it is our goal to minimize our use of non-biodegradable packing drastically. By 2021, all Rains' shipping boxes, polybags and shopping bags will be made of eco-friendly, compostable materials.

### Paperless receipts

We are reducing our paper trail significantly as all Rains' concept stores are equipped with a paperless receipt system. By providing dynamic in-store digital receipts, we contribute to eliminate excessive use of paper, as well as we provide a more efficient service to our customers. For those with no e-mail address or those who do not wish to share their personal e-mail address with Rains, an eco-friendly paper receipt can be printed.

### LED lighting

All concept stores are lit using LED lighting. LED lights use 75% less energy than tradition bulbs, and last more than 25 times longer. This means we are reducing the amount of energy it takes to power our concept stores, offices and showrooms worldwide by significant measures.

## OBJECTIVES

All around our business, it is our ambition to implement a zero-waste solution by researching opportunities within recycling and upcycling, as well seeking for solutions in the intersection of sustainability and technology.

SDG	UNGC Principle	Year	Activity	Objective
Responsible consumption and production.	8, 9	2019	Replace all paper receipts with an innovative, digital receipt system.	Cut of all paper receipts in Rains concept stores.
Responsible consumption and production.	8, 9	2019	Create a Green Commerce Guide addressed to all Rains Retail partners and own concept stores.	Minimize the environmental impacts of Rains Retail and show good environmental practices by reducing waste and energy consumption.
Partnerships for the goals.	7, 8	2019	Development program together with first tier suppliers to ensure an environmentally sustainable focus throughout the value chain.	Set and achieve common sustainability goals for first tier suppliers.
Responsible consumption and production.	8, 9	2021	Phase-out of plastic shopping bags and polybags in adoption of a biodegradable packaging made of cornstarch.	Eliminate all use of non-biodegradable plastic packaging.
Responsible consumption and production.	7	2021	Reduce our environmental impact in terms of materials used in our products.	Increase amount of recycled material or alternative environmentally friendly raw materials in our production.
Responsible consumption and production.	7	2021	Focus on textile waste streams and find solution together with suppliers and subsidiaries for recycling or upcycling.	Investigate, plan and test solutions that meet our ambition of obtaining a circular business model.

### III. Profit

Rains is aware of our responsibility for economic sustainable development when e.g. initiating partnerships and negotiating. To foster economic sustainability, we comply with both national and global legal requirements, as well corporate governance policies to counter contrived, abnormal structures such as corruption.

#### ANTI-CORRUPTION

Working specifically against corruption is an integrated part of our policy statement and our business ethics. We are strongly opposed to any kind of corruption, and as a business with integrity, we will promote safety and fair dealing, respect towards the consumer, as well anti-bribery and anti-corruption practices.

We recognize that we as a company operating globally with upstream operations in the Eastern world are far more likely to be involved in a range of adverse impacts in regard to anti-corruption. To avoid risk of corruption in the value chain, we utilize risk assessments as our tool to evaluate the areas of high concern. By assessing and re-assessing our activities, we are able to put effort into the high-risk areas and together with our stakeholders we can handle the issues systematically.

#### COMPLIANCE AND RISK MANAGEMENT

We have a strong culture of compliance and we are currently working on embedding our rich risk culture throughout our supply chain. As a risk assessment in itself, we are aware that we cannot directly control or know of all risks in our full value chain. Therefore, we put an effort into motivating and encouraging our suppliers to spur subcontractors to conduct self-assessments in order to promote risk awareness throughout the full value chain. With a structural, systematic focus combined with fast execution, we are confident that we prevent potential risks from happen.

## OBJECTIVES

Moving forward, we will continue having a structured focus on assessing and re-assessing our operations' high-risk areas in the full value chain. We will, as well, repeatedly review and evaluate our existing policies to ensure they are understood by relevant employees, partners and other business relations of our organization.

SDG	UNGC Principle	Year	Activity	Objective
Peace, justice and strong institutions.	1-6, 10	2019	Conduct anti-corruption risk assessments in corporation with our manufacturing suppliers.	Mapping own operations and those of our extended supply chain in terms of their potential impact on anti-corruption.
Peace, justice and strong institutions.	10	2019	Courses in anti-corruption and compliance.	Educate all relevant employees who have contact with suppliers as well as management level.
Partnerships for the goals.	1-10	2019	Apply for membership of UN Global Compact.	Formalize our approach and become a member of UN Global Compact.
Partnerships for the goals.	1-10	2019	Dialogue and action plans with suppliers with reference to UN Global Compact and the Ten Principles.	Make action plans for Rains' suppliers in order to ensure implementation of UNGC's Ten Principles.



## End note

This report will continually be reviewed as progress in the strategy is made and will be updated on an annual basis reporting on the specific actions taken. Furthermore, as we accumulate experience and growth, the report will be extended to include more areas.

We welcome back any feedback on the report's content.

[responsibility@rains.com](mailto:responsibility@rains.com)

Aarhus, March 2019



Jan Stig Andersen, CEO - Rains



Daniel Brix Hesselager, Chairman - Rains

## Memberships

→ Amfori BSCI

→ DMOGT

## References

→ UN Global Compact

→ UN Guiding Principles for Business and Human Rights

→ International Labour Organization (ILO)

→ Universal Declaration of Human Rights

→ Children's Rights and Business Principles

→ Rio Declaration on Environment and Development

→ UN Convention against Corruption

→ OECD Guidelines for Multinational Enterprises

→ Global Reporting Initiative

→ Transparency International – The Global Coalition against Corruption

→ Principles for Responsible Investment

→ United Nations Convention against Corruption